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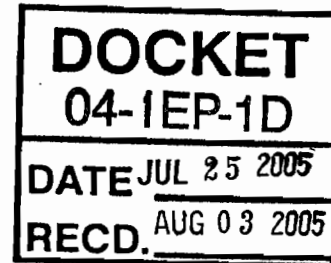
July 25, 2005

MEMORANDUM

TO: Rob Anderson, BPA

FROM: John Fazio
Ken Corum

SUBJECT: Comments on the CEC's report, "California and Western Electricity Supply Outlook Report"



The following comments are provided by Council staff and do not reflect the opinions of the Council as a whole or of individual Council members. Most of the comments are suggested re-writes that staff believes better characterize the northwest power supply or the Council's power plan. We wish to thank CEC for the opportunity to review this document and are willing to answer any questions regarding our comments.

Chapter 3, page 21, second to last paragraph:

Suggested replacement for the last sentence: "Capacity" shipments are usually available, because the northwest generally has surplus summer hydroelectric capacity. The northwest can use some of the water behind the dams for capacity exports as long as it is replaced during off peak hours.

Page 25, second paragraph:

It is not clear in the discussion whether the planning reserve for the northwest is for the summer or winter period. Also, it is not clear how hydroelectric peaking capacity is counted. Normally regions with dominant hydroelectric systems have large capacity reserves.

Page 27, Table 3-3:

If the generation reported on this table is since 2000, perhaps it could state that in the title.

Page 28, first paragraph:

Figure 3-1 is missing.

Page 30, first paragraph:

Suggested replacement for the entire paragraph:

In addition to flood control and power generation, an important factor governing reservoir operations is the requirement to help restore stocks of salmon and sturgeon in the Columbia River. The Endangered Species Act requires that NOAA Fisheries develop a biological opinion,

which includes actions to store water during the winter season for later release when salmon are migrating. These actions have the effect of reducing hydroelectric generation over winter months. The release of additional water during the migration season (spring and summer) would normally be converted into increased generation except that the biological opinion also requires that a portion of flows be routed around the turbines to provide a safer passage for juvenile salmon (smolts). This operation is referred to as bypass spill. The overall effect of the biological opinion on hydroelectric generation has been to reduce average annual output by about ten percent and to shift winter generation into spring and summer.

Page 30, last bullet:

“Off-system” storage refers to withholding additional water behind reservoirs not located in the federal system (including those in Canada). It could be made a bit clearer that “exchange” agreements discussed here refer to exchange of stored water and the associated energy.

Page 31, first paragraph:

Suggested replacement for the second and third sentences:

The power plan provides a set of resource and conservation actions to assure the region of an adequate, efficient, economical and reliable power supply. Actions to mitigate the hydroelectric system’s impacts to fish and wildlife are addressed in the Council’s Fish and Wildlife Program.

Page 31:

Actually, the electricity industry has had a mix of market and regulated sectors since the early 1990s. I would suggest deleting the entire second paragraph.

Page 31, third paragraph:

Suggested replacement for the paragraph:

The Northwest continues to face familiar uncertainties such as electricity demand, wide variations in hydroelectric generation and forced outages of major power plants. It also faces new uncertainties, including:

Page 31, first bullet under “Key Policy” section:

The first bullet should read, “Standards for resource adequacy and how they may be enforced”

Page 31, second to last paragraph:

When referring to conservation, the targets should be labeled in units of energy, that is, average megawatts, not MW.

Page 32, third paragraph:

Delete the word “modest” in the second sentence.

Also, add at the end of that sentence, “most built by IPPs, and the loss of most of the Direct Service Industry’s demand.

Page 34, Figure 3-3:

It mentions in the text that this figure does not include additions that originated from press releases. Perhaps it should be more explicit in the title.

Page 34, first paragraph:

Replacement for the last sentence:

During high spring and summer peak flows, demand for electricity in the northwest is at its lowest and BPA generally has surplus energy to sell.

Page 34, last paragraph, last sentence:

Delete the term “surplus firm” from the sentence.

Page 35, Table 3-6:

Are the obligations in this table the net of all contracts (i.e. imports and exports) or just the average of all exports?

Page 35, third paragraph:

Change the word “power” in the second sentence to “energy.”

Page 35, fourth paragraph:

Change the word “sales” to “availability” in the first sentence.

Page 35, last paragraph:

Add the term “surplus energy” just before the word “price” in the second sentence.

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